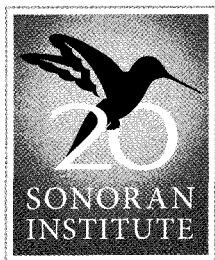


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**Arizona Corporation Commission's Inquiry Into Retail Electric Competition**

**Generic Docket No.: E-00000W-13-0135**

**Comments of the Sonoran Institute**

**July 15, 2013**

JUL 15 2013

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The Sonoran Institute (SI) is a non-profit conservation organization that promotes community decisions and public policies that respect the people and land of the West. We work on a range of issues that affect the region's quality of life and economic competitiveness, including access to clean, safe, and reliable sources of energy ("Clean Energy<sup>1</sup>").

SI appreciates that the Commission is soliciting information prior to deciding whether to proceed with retail electric competition. Restructuring of the electricity market involves a very complex set of issues. We encourage the Commission proceed in a deliberate fashion and allow enough time for all parties to engage and comment in the effort.

We believe the timing is right to consider enhancing retail electric competition. There is tremendous ongoing innovation in energy technologies and services, most of it around Clean Energy-driven cost reductions, increased efficiencies, and consumer services. There is also tremendous innovation in energy transmission, driven by new technologies and market approaches that respond in part to increased reliance on Clean Energy. Finally, overall energy demand is flat, so there are no pressing problems that must be immediately resolved, allowing for careful consideration of the merits of enhancing retail electric competition.

SI has not yet formed an opinion on whether retail electric competition would further assist in providing Arizona consumers with Clean Energy. We recognize that there is a broad range of possible approaches that could be considered to foster competition. We intend to actively participate and provide comments in the restructuring docket, should one go forward.

In these comments, SI has chosen to focus on general comments related to both process and outcomes, as well as comments specific to Clean Energy that we believe should be taken into account as the Commission evaluates whether to proceed in a rule making to restructure the electricity market in Arizona.

<sup>1</sup> "Clean Energy" refers to utility-scale and distributed renewable energy and energy efficiency.



## **General Comments**

**De-regulation vs. Re-regulation** – We would like to stress that, while the term “de-regulation” is often used synonymously with fostering retail electric competition, the reality is that from a policy making standpoint this is really about “re-regulation.” Successfully launching retail electric competition involves a balanced approach that relies on market and regulatory tools.

**Goals** – SI believes that it is critical that the Commission clearly state its goals at the outset associated with retail electricity competition. Simply enhancing retail electric competition is a means to an end, not an end. Moreover, this cannot simply be about reducing or restraining consumer costs. There are other public benefits at stake. These include ensuring energy reliability, enhancing energy security, maximizing innovation, and protecting public health and the environment.

**Focus and Scale** – The Commission should determine what services are appropriate for competition and assess the risks associated with injecting competition into these services. Consider modest steps toward enhancing competition: are there opportunities for demonstration or pilot projects?

**Oversight** – As some observers have noted, promoting retail electricity competition may actually require greater governmental oversight at the outset—a seemingly counter-intuitive notion for those who typically advocate for greater de-regulation. Whatever steps are taken, the Commission should ensure vigorous oversight, particularly around monitoring, compliance, and consumer education.

## **Comments Pertaining to Clean Energy**

Enhancing retail energy competition must create a “level playing field” for Clean Energy. Arizona is exceptionally well positioned to be a national leader in developing Clean Energy resources for in-state and neighboring markets. Arizona has excellent solar resources that are located in close proximity to major markets. It also has a diverse portfolio of federal, state, and private lands well suited for developing solar and wind resources at varying scales.

Finally, there are strong state policies (Renewable Energy Standard, Energy Efficiency Standard, and Integrated Resource Planning Rule) and federal policies (Solar Programmatic Environmental Impact Statement, Restoration Design Energy Project).

We believe that state-level energy policy should facilitate continued investments in Clean Energy in Arizona for a number of reasons:

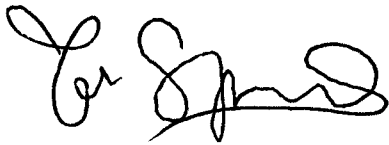
- Clean Energy offers the cheapest and quickest way to reduce and restrain costs for Arizona consumers.
- Clean Energy is spurring innovation in energy choice and services for Arizona consumers.

- Clean energy provides Arizona consumers with a local and abundant source of power that is not subject to volatile global fuel markets.
- Clean energy emits no greenhouse gases and other harmful pollutants, and uses less water than any other energy sources.

### **Conclusion**

Over the coming decades, our nation is expecting to invest more than \$2 trillion in our energy infrastructure, from generation to transmission and distribution. Retail energy competition can help guide these investments, but should be done with a clear end-goal in mind. The diverse benefits that would accrue to Arizona consumers from Clean Energy require that retail competition incentivize and otherwise remove obstacles to its development.

Respectfully submitted the 13th day of July 2013.

A handwritten signature in black ink, appearing to read "John Shepard", with a stylized, flowing script.

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